



**Review and Update of the World Bank's Environmental and Social Safeguard Policies  
Phase 2  
Feedback Summary**

**Date:** November 28, 2014

**Location:** Kathmandu, Nepal

**Audience:** Government agencies, development partners and academics

**Overview and Key Issues Discussed:** Key issues discussed include capacity building for the implementing agencies; awareness raising; procurement and labor issues; downstream impacts; land acquisition and voluntary land donation; FPIC; and effective stakeholder engagement.

| <b>Specific Feedback from Stakeholders</b>  |
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| <b>1. General Comments</b>  |
| <p><i>Comments and recommendations</i></p> <ul style="list-style-type: none"> <li>• The government agencies in Nepal lack the institutional capacity to implement the proposed Framework. Introduction of the new Framework without addressing this issue would complicate the development process.</li> <li>• The proposed Framework will be meaningful only if detailed guidelines and steps for implementation are developed in the context of Nepal. The Bank's proposed Framework should influence the country's relevant policies and guidelines.</li> <li>• The implementing agencies in Nepal lack the in-house capacity to comply with requirements related to climate change. The Bank's support is required for this.</li> <li>• In the agriculture sector, many donors have been supporting the government. While the capacity of implementing agencies in Nepal is weak, <b>uniform safeguard policies and guidelines</b> should be utilized for donor-funded projects, such as those of the World Bank and ADB, and for the borrower's own projects.</li> <li>• As Nepal is in the process of rapidly expanding its infrastructure projects, concerned stakeholders have no baseline data or capacity for environmental assessment, for rivers for example.</li> <li>• Awareness raising on safeguard issues is necessary for senior level government officials. Currently, responsible parties do not read EIA reports.</li> <li>• Labor standards need to be closely linked with the procurement process. In competitive bidding in Nepal, too much focus is placed on cost. The government should focus more on quality, including labor issues. Subsequently, evaluation of the performance of bidders and contractors in terms of compliance with labor standards is crucial.</li> </ul> |
| <b>2. A Vision for Sustainable Development</b>  |
| N/A   |
| <b>3. World Bank Environmental and Social Policy</b>  |

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| N/A  |
| <b>4. Environmental and Social Standard 1 (ESS1): Assessment and Management of Environmental and Social Risks and Impacts</b>  |
| <p><i>Comments and recommendations</i></p> <ul style="list-style-type: none"> <li>• In the proposed Framework, the Borrower will have a legal obligation to implement the ESCP. A capacity development plan for the ESCP would be necessary for the borrower and the private sector that are involved in the project.</li> <li>• “Project-affected area” needs to be clearly defined to avoid confusion over boundaries of ESIA and accountability of the Bank and borrower.</li> <li>• Downstream impact should be properly addressed in all large hydro and water resources projects.</li> </ul>   |
| <b>5. Environmental and Social Standard 2 (ESS2): Labor and Working Conditions</b>   |
| N/A  |
| <b>6. Environmental and Social Standard 3 (ESS3): Resource Efficiency and Pollution Prevention</b>   |
| N/A  |
| <b>7. Environmental and Social Standard 4 (ESS4): Community Health and Safety</b>  |
| N/A  |
| <b>8. Environmental and Social Standard 5 (ESS5): Land Acquisition, Restriction on Land Use and Involuntary Resettlement</b>   |
| <p><i>Clarifications</i></p> <ul style="list-style-type: none"> <li>• The transmission line project is a lengthy process that would require land acquisition and involve many agencies. Clarification was sought on whether the Borrower is able to move forward construction work in parallel with land acquisition and resettlement.</li> <li>• Clarification was sought on whether the proposed Framework allows the Bank to finance a resettlement project.</li> <li>• Clarification was sought on whether voluntarily donated land may be legally transferred to the developer in order to avoid future confusion and future delays in implementation.</li> </ul> <p><i>Comments and recommendations</i></p> <ul style="list-style-type: none"> <li>• It is appreciated that the proposed ESS5 gives more clarity on the gray areas in OP4.12.</li> <li>• The Bank should have a monitoring mechanism to ensure that the affected population is well relocated in the new community.</li> <li>• There is a wide gap between the Bank and the national legislation on compensation, illegal squatters and encroachers. It is difficult for the implementing agencies to pay compensation without a national legal document.</li> <li>• In projects like the Poverty Alleviation Fund, voluntary land donation is common practice. The legal provisions for such type of land-taking need to be clarified.</li> </ul> |
| <b>9. Environmental and Social Standard 6 (ESS6): Biodiversity Conservation and Sustainable Management of</b>  |

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| <b><i>Living Natural Resources</i></b>   |
| N/A  |
| <b>10. Environmental and Social Standard 7 (ESS7): Indigenous Peoples</b>  |
| <p><i>Clarification</i></p> <ul style="list-style-type: none"> <li>• Clarification was sought on how the proposed Framework defines Indigenous Peoples.</li> <li>• Clarification was sought on the operational meaning of “consent” in FPIC and how to achieve, verify and document it. The Bank should consider how to operationalize FPIC and ESS7 in Nepal where the Indigenous Peoples are scattered and/or mixed with the general population.</li> </ul> <p><i>Comments and recommendations</i></p> <ul style="list-style-type: none"> <li>• Issues of Indigenous Peoples in Nepal are complicated. The country has ratified ILO169, but there are no laws or action plans at the country level to implement it.</li> </ul> |
| <b>11. Environmental and Social Standard 8 (ESS8): Cultural Heritage</b>   |
| N/A  |
| <b>12. Environmental and Social Standard 9 (ESS9): Financial Intermediaries</b>  |
| N/A  |
| <b>13. Environmental and Social Standard 10 (ESS10): Information Disclosure and Stakeholder Engagement</b>   |
| <p><i>Comments and recommendations</i></p> <ul style="list-style-type: none"> <li>• Stakeholder engagement is important for better project design. However, if there are no specific arrangements or resources, it is difficult to ensure stakeholders’ participation, in particular in linear projects. It is important to consider how we can make stakeholder engagement more participatory and constructive.</li> </ul>  |